

Morrow United Cigar Holdings To Be Sold

WJ 10-26-35

United Stores Corp. and George Morrow and associates have virtually concluded negotiations for the sale of their holdings in United Cigar Stores Co. to an investment trust which it is understood plans to reorganize the company.

United Stores is selling its holdings of bonds and preferred stock in Cigar Stores, and Tobacco Products of Delaware is selling its holdings of common, amounting to approximately 3,000,000 shares. It is understood that a price of 10 1/4 was paid for the 25,000 shares of preferred and that United Stores will net around \$1,750,000 of the transaction.

United Stores Corp. Report 1935 Loss

Of \$57,259

McLellan Stores May Pay Common Dividends—Approval Asked of Lease Settlement

WJ 5-1-36

Report of United Stores Corp. for year ended December 31, 1935, certified by independent auditors, shows net loss of \$57,259 after interest, taxes, etc. Fees and charges in connection with acquisition of stocks and obligations were charged direct to investment account in 1935.

In preceding year company reported net income of \$289,845 after interest, federal taxes, etc. Fees and charges in connection with acquisition of stocks and obligations, bankruptcy proceeding, etc., were charged direct to investment account in that year.

Capital stock consists of 101,495 no-par shares of \$6 cumulative convertible preferred on which accumulated unpaid dividends totaled \$2,264,607 at close of 1935, 915,979 no-par shares of \$4.20 non-cumulative convertible class A preferred and 504,233 no-par shares of common, including shares exchangeable for outstanding certificates of deposit and exclusive of treasury shares.

Capital surplus account as of December 31, last, shows that the account was credited with \$834,931 excess of proceeds from sale of securities over the book value thereof.

Income account for year 1935 compares as follows:

	1935	1934	1933
Total income	\$45,782	\$19,070	\$55,177
Exp. franch tax, etc	91,804	73,722	107,562
Interest paid	11,237	10,503	20,946
Federal inc taxes		43,000	
Net loss	\$57,257	\$289,845	\$426,669
Preferred dividends		329,863	330,425

Deficit \$57,259 \$40,018 \$96,344

*Surplus, †Income. ‡Includes interest on Tobacco Products Corp. of New Jersey 6 1/4% collateral trust debentures. §Tobacco Products Corp. of New Jersey debentures called for payment on January 31, 1935.

McLellan Stores Co. may pay dividends on the common stock this year, George K. Morrow, chairman of United Stores Corp., says in his letter to stockholders of the latter company, accompanying the annual report.

United Stores owns 8,322 of the 30,000 shares of 6% cumulative preferred stock of McLellan Stores and 380,089 1/2 shares of the \$33,205 shares of McLellan. "The company has resumed dividends on its 6% preferred stock and it is expected that during the course of this year it will commence the payment of dividends on its common stock."

United Stores investment in McLellan is carried on its books at \$4,520,982 and has a current market value (as of April 25) of approximately \$5,500,000.

During 1935, United Stores sold its remaining holdings of Cigar Stores Realty Holdings, Inc. 3 1/2% debentures at an excess over cost to the company of \$614,954, and its remaining holdings of preferred stock of United Cigar Stores Co., of America for \$219,243 in excess of the value to which the stock had been written down on the company's books. These amounts were carried to capital surplus. Tobacco Products Corp. of Delaware (of which company's stock United Stores owns 62.9%) also realized \$512,713 on the sale of its holdings of common stock of United Cigar Stores Co. of America, which investment had been written down to \$1 on its books.

"The successful reorganization of United Cigar Stores Co. of America seemed remote, and directors felt that the company could use, to better advantage, the funds obtained from the sale of its interests in that company.

Balance sheet of United Stores Corp. as of December 31, 1935, compares as follows:

Assets	1935	1934	1933
Cash			
Accrued interest	\$1,321,835	\$453,488	\$29,451
Rec from Tob Prod Corp of Del		61,599	80,741
Nts rec & accr'd int	52,218	45,414	129,532
Rec from Tob Prod Corp of N J		120,022	
Rec from rear comm Unit Cig Strs Corp of Amer	314		
Inv in Tob Prod Corp of N J deb			20,466
Inv in McLellan Strs Co. stks and oblig	4,520,982	5,686,000	7,453,000
Inv in Tob Prod Corp of Del cap stk	*622,307	2,995,573	
Inv in McCrory Strs Cp stks and oblig	4,651,582	625,564	607,898
Cig Strs Realty Holdings, Inc debent		1,360,162	
Unit Cig Strs Corp of Amer		971,504	2,020,743
Union Tobacco Co.			1
Oth inv, at cost	1	1	1
Total	\$11,169,239	\$12,319,328	\$10,579,518
Liabilities			
Cum c'inv \$6 pf stk	\$2,537,375	\$2,537,375	\$2,537,375
Class A stock	4,579,895	4,579,895	4,579,895
Common stock	†252,116	232,129	252,141
Bank loans secured		1,750,000	400,000
Acc'ts payable	172,474	329,617	14,125
Unclaimed divs	3,031	2,644	1,935
Acc'd franch tax		13,800	16,500
Fees for taxes	37,815	45,000	
Cap surplus	3,628,003	2,793,080	2,721,741
Oper deficit	41,470	**15,788	**55,806
Total	\$11,169,239	\$12,319,328	\$10,579,518

*Consists of 20,741 shares. †Represented by 504,233 no-par shares. ‡Consists of 24,795 shares of Class A and \$530 shares of common stock. §Represented by 101,495 no-par shares. ¶Represented by 915,979 no-par shares. **Surplus.

United Stores Corporation in six months to June 30 earned \$1.69 a share on the \$6 cumulative convertible preferred, against net loss of \$12.445 in the like 1930 period.

C.N. 9-8-31



This Stock Went Thataway

By Vartanig G. Vartan

Special Correspondent of
The Christian Science Monitor

A Window on Wall Street

New York

One of the most interesting blocks of stock in postwar history recently came to the end of its road. This stock belonged not to a railroad but to a variety-store chain. No whistle blew for its final trip. The end came, very quietly and legally and sedately, in a corporate merger.

This block symbolized working control of United Stores Corporation and, in turn, control of the countrywide chain of 446 links doing business as McCrory McLellan Stores Corporation.

Voting Rights Carried

With the three-way merger in mid-July of United Stores and McCrory-McLellan and B. T. L. Corporation, the block went out of existence for the simple reason that United Stores no longer exists as a separate corporate entity. The name of the new combined concern is McCrory Corporation and its net worth comes to the tidy sum of nearly \$100,000,000.

In its heyday, when it signaled control of the McCrory-McLellan chain, this block of United Stores consisted exactly of 261,145 shares of second preferred stock and, on a separate certificate, 363,195 shares of common.

Both classes carried voting rights and together they comprised 38 per cent ownership of McCrory-McLellan, whose variety stores sell candy and postcards, poodle chains, and cleansing cream, in 36 states. (One store in Brooklyn serves up its

merchandise on no less than a mile and a half of counter space.)

Since the 1940's the United Stores block had been owned by interests associated with Roger W. Babson, the business analyst from Babson Park, Mass. (Mr. Babson first worked for bond houses in Boston and New York, and eventually came into prominence in the late 1920's by his warnings of a market crash.)

Philadelphian Stepped In

Then, early in 1958, the Babson group sold this stock to interests headed by Albert M. Greenfield, the Philadelphia financier who stepped down recently from the helm of Bankers Securities Corporation, which controls City Stores and carries big holdings in Loft Candy, as well as in hotels and cab companies.

The price was \$3,500,000 — in cash.

Thus, the block went from a well-known Boston man of finance to a financier of prominence in Philadelphia.

Headlines and Indictment

But it stayed only a brief period with its new owner. One year later — early in 1959 — Mr. Greenfield turned around and sold this block of United Stores stock to H. L. Green Company, a New York-based variety chain. He received \$7,000,000, again in cash, which means doubling the money on an investment in a single year.

At that time, H. L. Green was headed by a new president in

his mid-30's named Maurice Olen. But shortly thereafter the Green chain made newspaper headlines in the way no company likes to do it: Its president resigned suddenly after other directors announced a huge shortage in assets. (Mr. Olen later was indicted by a federal grand jury on charges of violating the securities laws. The trial still lies ahead.)

So again the United Stores block had a new home. But the Olen dream of merging the Green variety chain with the McCrory-McLellan chain (this was the reason he bought the stock from the Greenfield interests) had gone glimmering with his departure.

Fourth Owner

Then, in March of 1960, the famed stock block got its fourth owner in little more than 2 years. This time it was B. T. L. Corporation, which paid Mr. Green \$7,000,000 (always in cash), or the same sum which Mr. Green had paid for the stock.

This final purchase of the block by B. T. L. helped prepare the path for the three-way merger which recently took place and formed the new McCrory Corporation.

The McCrory-McLellan stores are still selling their wares and business goes on as usual, despite the new change in corporate structure.

But the famous block of United Stores stock has made its final trip, its certificates consigned in all likelihood to the incinerator for a final puff of smoke.

